

Charges for Service

Internal Data Processing Charges -

FY04 represents an increase of \$134,553 from FY03. This increase is a methodology change only. In prior years, partial recovery of data processing charges had been captured in the Indirect Charges revenue. This charge is now being collected and charged directly to departments.

Rainbow Fire Collection -

FY04 represents an increase of \$112,788 (from FY03 estimated actual of \$616,000 versus FY03 budgeted amount of \$612,000). This increase is part of the contractual agreement with the fire district to reimburse the City for increasing cost of fire services. (This contract contributes revenues to the Fire Local Option Levy Fund as well.)

Glenwood Fire Protection -

FY04 represents an increase of \$27,404 from FY03 adopted. This increase is part of the contractual agreement with the fire district to reimburse the City for increasing cost of fire services. (This contract contributes revenues to the Fire Local Option Levy Fund as well.)

Willakenzie Fire Protection -

FY04 represents an increase of \$39,808 (from FY03 estimated actual of \$178,948 versus FY03 budgeted amount of \$216,000). This increase is part of the contractual agreement with the fire district to reimburse the City for increasing cost of fire services. (This contract contributes revenues to the Fire Local Option Levy Fund as well.)

New Revenues

Also, a review was made of new or alternative revenue sources that would assist in providing a sustainable revenue picture for the City of Springfield. New General Fund revenues being proposed in the FY04 budget are:

Licenses and Permits

Annexation Fee -	\$ 60,000 (fee presented to Council in April, 2003)
Development Consulting Fee -	<u>\$ 50,000</u> (fee presented to Council in May, 2003)
New FY04 Revenues	\$110,000
DSD Type I/Type II Review Fee -	<u>\$ 27,920</u> (fee presented to City Council in December, 2002)
Total New Revenues	\$137,920

General Fund Requirements

The FY04 General Fund budget of \$28,824,219 makes up 20.8% of the Total City Budget. Like all other funds, the General Fund budget consists of a current operating component (departmental operating and non departmental operating costs) and a non departmental non operating component. The departmental operating expenditures are 83.3% of the total General Fund Budget. The following table provides General Fund budget information by category of expenditure and indicates the overall change from FY04 Adopted to FY03 Adopted Budget.

General Fund - FY04 Adopted versus FY03 Adopted				
Category	FY04 Adopted Budget	FY03 Adopted Budget	Dollar Change	Percent Change
<u>Departmental Operating</u>				
Personal Services	\$ 19,988,639	\$ 18,984,443	\$ 1,004,196	5.3%
Materials and Services	\$ 3,923,964	\$ 3,924,703	\$ (739)	---%
Capital Outlay	\$ 92,785	\$ 119,777	\$ (26,992)	-22.5%
Departmental Operating Budget	\$ 24,005,388	\$ 23,028,923	\$ 976,465	4.2%
Non Departmental - Operating	\$ 3,576	\$ 3,576	\$ -	0.0%
Total Operating Expenditures	\$ 24,008,964	\$ 23,032,499	\$ 976,465	4.2%
Non Department - Non Operating	\$ 4,815,255	\$ 3,501,445	\$ 1,313,810	37.5%
Total Budget - All Requirements	\$ 28,824,219	\$ 26,533,944	\$ 2,290,275	8.6%

Overall, the General Fund operating costs grew by 4.2% or an \$976,465 increase from FY03. The General Fund Non Department - Operating Budget at \$3,576 remained unchanged and the Non Department – Non Operating Budget increased by 37.5% or \$1,313,810 over the FY03 Adopted. A primary reason for the increase in the Non Department budget is the first time establishment of a specific dedicated reserve to offset Qwest revenues (makes up 78.2% or \$1,027,434 of the \$1,313,810). Establishing a reserve is necessary when it is uncertain if revenue relied upon in the current budget is collectable. In establishing the offset for the revenues as a reserve funds cannot be expended without specific Council authorization via the Supplemental Budget process. More detailed explanation of the changes from FY04 and FY03 are provided in this section of the budget document by the category of expenditures.

General Fund Departmental Operating Expenditure Trends

The information below summarizes the General Fund department operating expenditure trends for FY01 Actual through the FY04 Adopted Budget.

Operating Expenditures By Department	FY01 Actual	FY02 Actual	FY03 Adopted	FY04 Adopted
City Manager's Office	\$ 725,553	\$ 837,005	\$ 902,195	\$ 903,268
Development Services	\$ 1,825,370	\$ 1,878,964	\$ 2,035,724	\$ 2,102,849
Finance	\$ 708,069	\$ 794,486	\$ 819,919	\$ 792,357
Fire and Life Safety	\$ 5,476,185	\$ 6,017,857	\$ 6,040,929	\$ 6,553,250
Human Resources	\$ 427,077	\$ 464,262	\$ 440,253	\$ 423,488
Information Technology	\$ 960,530	\$ 1,046,967	\$ 999,925	\$ 1,048,717
Legal and Judicial Services	\$ 1,003,012	\$ 1,074,858	\$ 1,104,284	\$ 1,099,872
Library	\$ 1,064,763	\$ 1,157,695	\$ 1,186,891	\$ 1,189,731
Police	\$ 7,856,317	\$ 8,485,033	\$ 8,730,839	\$ 9,137,547
Public Works	\$ 698,184	\$ 716,526	\$ 767,964	\$ 754,309
Total Departmental Budget	\$20,745,060	\$22,473,653	\$23,028,923	\$24,005,388

General Fund Personal Services

General Fund personal services make up 61.4% of the total City personal services budget. Within the General Fund, personal services make up 83.3% of the General Fund departmental operating budget. In that personal services are the predominant expenditure category, a detailed review of personal services follows:

General Fund Personal Services Portion of the Total General Fund Operating Budget				
Category	FY04 Adopted Budget	FY03 Adopted Budget	Dollar Change	% Change
Personal Services	\$19,988,639	\$18,984,443	\$ 1,004,196	5.3%

General Fund Personal Services by Department				
Category	FY04 Adopted Budget	FY03 Adopted Budget	Dollar Change	Percent Change
Personal Services, by Department				
City Manager's Office	\$ 497,710	\$ 467,402	\$ 30,308	0.2%
Development Services	\$ 1,789,149	\$ 1,742,027	\$ 47,122	2.7%
Finance	\$ 627,355	\$ 653,603	\$ (26,248)	-4.0%
Fire and Life Safety	\$ 5,975,196	\$ 5,457,076	\$ 518,120	9.5%
Human Resources	\$ 291,413	\$ 308,344	\$ (16,931)	-5.5%
Information Technology	\$ 779,058	\$ 717,835	\$ 61,223	8.5%
Legal and Judicial Services	\$ 381,028	\$ 397,541	\$ (16,513)	-4.2%
Library	\$ 955,650	\$ 913,480	\$ 42,170	4.6%
Police	\$ 8,117,216	\$ 7,737,747	\$ 379,469	4.9%
Public Works	\$ 574,864	\$ 589,388	\$ (14,524)	-2.5%
Total Personal Services	<u>\$ 19,988,639</u>	<u>\$ 18,984,443</u>	<u>\$ 1,004,196</u>	<u>5.3%</u>

General Fund – Personal Services by Employee Group

A comparison of the FY04 total estimated personal services budget by employee group is listed below and on the following page is the composition of the personal services by employee group for FY04 Adopted Budget and FY03 Adopted Budget. A review of the General Fund composition of personal services by employee unit is as follows:

General Fund - FY04 Personal Costs By Percentage of Total Personal Costs by Bargaining Unit (estimated)		
Bargaining Unit	FY04 Adopted Budget	Percent of Total
A.F.S.C.M.E. (Association of Federal, State, County Municipal Employees)	\$ 359,192	1.8%
I.A.F.F. (International Association of Fire Fighters)	\$ 5,078,187	25.4%
O.P.E.U. (Oregon Public Employees Union)	\$ 3,134,017	15.7%
S.P.A. (Springfield Police Association)	\$ 6,368,970	31.9%
Non-Union	\$ 5,048,273	25.2%
Total All Units	<u>\$ 19,988,639</u>	<u>100.0%</u>
Public Safety Bargaining Units		57.3%
All Others		42.7%
		<u>100.0%</u>

A review of the estimated General Fund personals services growth by employee unit is as follows:

General Fund - Personal Costs, by Dollar and Percent Change by Employee Unit (estimated)				
	FY04 Adopted Budget	FY03 Adopted Budget	Dollar Change	Percent Change
Association of Federal, State, County Municipal Employees (A.F.S.C.M.E.)	\$ 359,192	\$ 370,801	\$ (11,609)	-3.1%
International Association of Fire Fighters (I.A.F.F.)	\$ 5,078,187	\$ 4,591,009	\$ 487,178	10.6%
Oregon Public Employees Union (O.P.E.U.)	\$ 3,134,017	\$ 3,202,340	\$ (68,323)	-2.1%
Springfield Police Association (S.P.A.)	\$ 6,368,970	\$ 6,095,791	\$ 273,179	4.5%
Non-Union*	<u>\$ 5,048,273</u>	<u>\$ 4,724,502</u>	<u>\$ 323,771</u>	6.9%
Total All Units	<u>\$ 19,988,639</u>	<u>\$ 18,984,443</u>	<u>\$ 1,004,196</u>	<u>5.3%</u>

* Non Union includes City Manager, Assistant City Manager, Department Executive Directors, management/supervisory employees and confidential employees.

The overall growth of 5.3% reflects a significant balancing effort by the City organization when you consider that public safety units alone grew by 15.1% (S.P.A. and I.A.F.F) and they make up 57.3% of the total personal services costs in the General Fund. (Note: bargaining unit negotiations are not completed at the time the budget document is being produced. Final information may change this data).

Comprehensive Review of the Overall General Fund Budget Changes

A comparison of the overall change in the General Fund Departmental operating budget is as follows:

Category	FY04 Adopted Budget	FY03 Adopted Budget	Dollar Change	Percent Change
Personal Services	\$ 19,988,639	\$ 18,984,443	\$ 1,004,196	5.29%
Materials and Services	\$ 3,923,964	\$ 3,924,703	\$ (739)	(0.02%)*
Capital Outlay	<u>\$ 92,785</u>	<u>\$ 119,777</u>	<u>\$ (26,992)</u>	(22.54%)
Departmental Operating Budget	\$ 24,005,388	\$ 23,028,923	\$ 976,465	<u>4.2%</u>

* All previous references show this immaterial change as “---%” representing an insignificant number for reporting purposes. Change shown here for clarification purposes (is less than .00188).

The following table reconstructs the FY04 General Fund budget by identifying the overall changes in the General Fund starting with the beginning basis (FY03 Adopted Budget) and moving forward to the current budget (FY04).

General Fund - Operating Budget					
All Changes: FY03 Adopted to FY04 Adopted					
	FTE	Personal Services	Materials and Services	Capital Outlay	Total Budget
Beginning Basis - FY03 Adopted	237.72	\$ 18,984,443	\$ 3,924,703	\$ 119,777	\$ 23,028,923
Total Changes	<u>(9.12)</u>	<u>\$ 1,004,196</u>	<u>\$ (739)</u>	<u>\$ (26,992)</u>	<u>\$ 976,465</u>
Ending Basis - FY04 Adopted	228.60	\$ 19,988,639	\$ 3,923,964	\$ 92,785	\$ 24,005,388
Percent Change by Category:					
Increase or Decrease from FY03	(3.8%)	5.29%	(0.02%)	(22.54%)	4.2%

The budgetary processes that contributed to the overall change of \$976,465 are indicated below:

Add approved ongoing supplemental budget authority	\$ 28,664
Net amount for one time costs removed and/or costs not eligible for growth	\$ 128,739
Net increase in current services for costs eligible for growth	\$1,468,803
Approved Service Level increases	\$ 92,240
Budget Committee Action: Restored funding	\$ 53,688
Added 1.0 FTE D.A.R.E. Officer	\$ 90,000
<i>FY04 General Fund Balancing Strategy</i>	
Approved Service Level reductions	<u>\$ (885,669) *</u>
Total overall changes to the General Fund	<u>\$ 976,465</u>

*the specific budgetary process identified as the *General Fund Balancing Strategy* is detailed below and on the following page.

FY04 General Fund Budget Balancing Strategy - Departmental Operating Reductions and Changes

In making the service level reductions, the City Management and Executive Team met through a series of meetings and what resulted was a significant reduction in the FY04 operating expenditure requirements for the City. As noted above, \$885,669 in reductions (FY04 General Fund Balancing Strategy) is included in the overall growth in the General Fund of \$976,465. Another way of stating this is if reductions had not been made, a total growth in the General Fund would have exceeded \$1.8 million. This effort took considerable team work and the result enabled the City to balance the General Fund operating budget with minimal assistance from new revenues. The table on the following page reflects the \$885,669 in reductions made to departmental operating budgets and identifies the reductions made as a percentage of the corresponding department's FY04 budget. In some cases revenue backed expenditures were part of a department's overall reduction. In those cases, the operating revenue and FTE was also reduced and/or eliminated. [A total of \$265,807 in reduced and/or eliminated FY04 revenues (including 4.0 of the total 10.12 FTE) were due to associated operating reductions. See notes referenced in the following table for specifics.]

General Fund Balancing Strategy Reductions by Department	FY04 Total FTE Changes	FY04 Total Dollar changes	Dollar Change as a Percentage of FY04 Department Budget	<i>Notes</i>
City Manager's Office	-	\$ (111,862)	-13.2%	<i>1</i>
Development Services Department	(1.10)	\$ (83,748)	-4.0%	
Finance Department	(1.20)	\$ (85,583)	-10.8%	
Fire and Life Safety Department	-	\$ (59,341)	-0.9%	<i>4</i>
Human Resources Department	(0.70)	\$ (42,252)	-10.0%	
Information Technology Department	-	\$ (8,359)	-0.8%	<i>2</i>
Legal and Judicial Services	(1.00)	\$ (48,793)	-4.4%	
Library Department	-	\$ (55,996)	-4.7%	
Police Department	(5.00)	\$ (335,722)	-3.7%	<i>2, 3, 4</i>
Public Works Department	<u>(1.12)</u>	<u>\$ (54,013)</u>	<u>-7.2%</u>	
Total Reductions to Expenditures	<u>(10.12)</u>	<u>\$ (885,669)</u>	<u>-3.7%</u>	

Note 1: \$53,000 of reduction is offset by a matching decline in revenue for an overall zero net change to the fund.

Note 2: Information Technology received a 1.0 FTE authorization transferred from Police Department and reduced a 1.0 FTE for a net 0.0 FTE reduction in the General Fund.

Note 3: 4.0 FTE and \$299,340 of the department total reduction is offset by a matching \$212,807 decline in revenue that provided the funding.

Note 4: Of the total Fire reduction, \$30,450 in funding was replaced in the G. O. Bond Capital Fund for a zero net change (across all funds) to the department. Of the total Police reduction, \$115,445 in funding was replaced in the G. O. Bond Capital Fund for a zero net change (across all funds) to the department budget.

As noted previously the (\$885,669) reduction is one of several budgetary processes that contributed to the overall change of \$976,465 increase to the General Fund.

The total change of \$976,465 is further detailed below by department. This table combines *all* General Fund changes making up the overall increase in General Fund departmental operating budget.

FY04 General Fund - Operating Budget All Changes Made - by Department					
Department	FTE	Personal Services	Materials and Services	Capital Outlay	Total Budget
City Manager's Office	-	\$ 30,307	\$ (28,235)	\$ (1,000)	\$ 1,072
Development Services	(1.10)	\$ 47,123	\$ 21,003	\$ (1,000)	\$ 67,126
Finance	(1.20)	\$ (26,248)	\$ (314)	\$ (1,000)	\$ (27,562)
Fire and Life Safety	-	\$ 518,120	\$ (5,799)	\$ -	\$ 512,321
Human Resources	(0.70)	\$ (16,931)	\$ 166	\$ -	\$ (16,765)
Information Technology	-	\$ 61,223	\$ (11,431)	\$ (1,000)	\$ 48,792
Library	-	\$ 42,170	\$ (17,338)	\$ (21,992)	\$ 2,840
Legal and Judicial	(1.00)	\$ (16,513)	\$ 12,101	\$ -	\$ (4,412)
Police	(5.00)	\$ 379,469	\$ 27,239	\$ -	\$ 406,708
Public Works	<u>(1.12)</u>	<u>\$ (14,524)</u>	<u>\$ 1,869</u>	<u>\$ (1,000)</u>	<u>\$ (13,655)</u>
Grand Total	<u>(10.12)</u>	<u>\$ 1,004,196</u>	<u>\$ (739)</u>	<u>\$ (26,992)</u>	<u>\$ 976,465</u>

For detailed descriptions of changes to the General Fund operating budget, see the Operating Budget by Program in this document (Program Budget - Service Level Changes section).